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7 **UNITED STATES DISTRICT COURT**
8 **DISTRICT OF NEVADA**
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10 CYBERGUN, S.A., *et al.*,

11 Plaintiffs,

12 v.

13 JAG PRECISION,

14 Defendant.
15

Case No. 2:12-CV-0074-KJD-GWF

ORDER

16 Presently before the Court is Plaintiffs' Motion for Preliminary Injunction (#33). Defendant
17 filed a response in opposition (#39) to which Plaintiffs replied (#42). The Court also considered both
18 Defendant's Supplemental Response to the Motion (#53) and Plaintiffs' Supplement (#55) to their
19 Motion for Preliminary Injunction. Defendant also filed Objections (#57).

20 **I. Background**

21 Plaintiff, Cybergun, is the holder of an exclusive license to sell airsoft guns, airguns, and
22 paint ball guns which are replicas of firearms designed and trademarked by Plaintiff FN Herstal
23 ("FNH"). FNH is a world-famous manufacturer, designer and supplier of small caliber weapons,
24 components, accessories and ammunition and has demonstrated expertise in the sales, marketing and
25 distribution of small caliber weapons, components, accessories and ammunition for military, law
26 enforcement and commercial applications.

1 ***The M249 and M249 PARA***

2 FNH developed the first FN M249 over three decades ago and has used the trademark M249
3 since that time to identify the FN M249 as originating from FNH. Since at least 1992, FNH's M249
4 firearm has employed a very unique and inherently distinctive design. Specifically, the M249 has
5 included a combination of a pistol grip having lateral grooves, a contoured carrying handle extending
6 from the top of the barrel, a groove where the stock widens, a rounded portion that protrudes in the
7 upper portion of the rear of the stock, a rear aperture sight, and the gun's overall dimensions and
8 shape. In addition to the FN M249, FNH developed the M249 PARA dating back more than 30
9 years, and has likewise used the trademark M249 PARA since that time to identify the FN M249
10 PARA as originating from FNH. In its current configuration, which dates back to the 1990s, the FN
11 M249 PARA includes a combination of a pistol grip having lateral grooves, a contoured carrying
12 handle extending from the top of the barrel, two rods coupled by a bridge to form the stock at the rear
13 of the gun, the bridge having an additional circular opening on a visible interior portion, a rear
14 aperture sight, and the gun's overall dimensions and shape.

15 Upon introduction, the M249 and M249 PARA firearms were adopted by the U.S. Military
16 and became recognized as the latest in a long line of high quality FNH products. The firearms have
17 enjoyed impressive sales over many years. Because of their popularity, the M249 and M249 PARA
18 firearms have been featured in various popular video games, including the popular Call of Duty and
19 Battlefield Games. Millions of purchasers have been exposed to these guns by virtue of their
20 appearance in these and other popular video games. Through these appearances, as well as
21 appearances in various famous movies and television shows, the knowledge and popularity of these
22 firearms has grown, thus adding additional value to the trade dress in which the firearms are cloaked
23 and to the trademarks under which they are advertised and sold. Additionally, airsoft gun dealers
24 market Jag's copies as "M249 Style" guns, providing further evidence of the commercial and
25 ornamental distinctiveness of Plaintiffs' M249 trade dress.

1 ***THE P90***

2 FNH developed the first FN P90 over three decades ago and has used the trademark P90 since
3 that time to identify the FN P90 as originating from FNH. Since at least 1990, FNH's P90 firearm
4 has employed a very unique and inherently distinctive design. Specifically, the P90 has included a
5 combination of a thumbhole acting as a pistol grip, an oversized trigger guard, smooth contours,
6 bullpup configuration, a horizontally mounted feeding system, and the gun's overall dimensions and
7 shape. Upon introduction, the P90 quickly became recognized as another high quality FNH product.
8 The firearms have enjoyed impressive sales over many years.

9 Like the M249 and M249 PARA firearms, the P90 firearm has been featured in various
10 popular video games, including the popular Call of Duty and Battlefield Games. Millions of
11 purchasers have been exposed to the P90 by virtue of its appearance in these and other popular video
12 games. Through these appearances, as well as appearances in various famous movies and television
13 shows, the knowledge and popularity of these firearms has grown, thus adding additional value to the
14 trade dress in which the P90 is cloaked and to the P90 trademark under which the firearm is
15 advertised and sold. Additionally, airsoft gun dealers market Jag's copies as "P90 Style" guns,
16 further proving the commercial and ornamental distinctiveness of Plaintiffs' P90 trade dress.

17 ***THE LICENSE***

18 Cybergun is a leader in manufacturing and distributing high quality air soft guns, model guns,
19 air guns, paintball guns, and electronic and non-electronic games relating to using replicas of existing
20 weapons, ammunition and projectiles. Due to the recognized value of FNH intellectual property, on
21 June 25, 2010, FNH and Cybergun executed a license agreement whereby FNH granted to Cybergun
22 the exclusive rights to manufacture, distribute, advertise, and sell, directly or indirectly, replicas of
23 various firearm designs owned by FNH, including but not limited to the FN SCAR rifle, the FN
24 M249 and FN M249 PARA firearms, and the FN P90. Through this license, Cybergun has an
25 exclusive, worldwide license to sell airsoft guns, air guns and paint ball guns embodying the
26 proprietary M249, M249 PARA, and P90 firearm design and trademarks.

1 ***INTELLECTUAL PROPERTY RIGHTS IN M249 AND P90 FIREARMS***

2 Given their distinctive design, the M249 and P90 guns enjoy trade dress rights. FNH has
3 enjoyed very significant sales over many years, including the notoriety that comes from being a
4 provider to the U.S. Military. Due to their use, advertising and sales, consumers now recognize the
5 M249, M249 PARA, and P90 firearms as high-quality products that derive from or are authorized by
6 FNH. The high value of the trade dress has been enhanced by the extensive use of these firearms in
7 the Call of Duty and Battlefield (and other) video games. The video games even directly attribute the
8 FN P90 design and trademark to FN Herstal. The video game usage of the M249 and P90 designs
9 adds significant value to Cybergun because video gamers are target end users for Cybergun products.
10 For example, the informational websites for these video games include advertisements for air soft
11 guns. As with the FN SCAR, Cybergun believes video gameplayers who use the M249 and P90 in
12 video games are likely to buy air soft guns, air rifles and paintball guns that look exactly like the guns
13 available on the game. Buyers of the M249 and P90 guns expect a high quality product and know
14 that it comes from or is authorized by FNH.

15 Cybergun's license includes all rights to the design, including trade dress rights, and
16 trademarks for use with air soft guns, air guns and paintball guns. FNH sells to the Army, to the
17 United States Special Operations, and non-military customers. Information relating to FNH's sales
18 to the U.S. Military is classified information, but sales of the entire line of M249-branded firearms
19 across all customers are very substantial, totaling in the hundreds of millions of dollars. The P90 has
20 enjoyed similar success over the decades it has been sold.

21 In regard to non-military sales of the present M249 guns, FNH and Cybergun have sold over
22 one thousand units in the last 8 years alone, earning millions of dollars of revenue. In regard to non-
23 military sales of the present M249 PARA guns, FNH and Cybergun have again sold over one
24 thousand units in the last 8 years alone, totaling millions of dollars of revenue. In regard to non-
25 military sales of the P90 guns, FNH and Cybergun have sold well over one thousand units in the last
26 eight years alone, again resulting in millions of dollars of revenue.

1 With regard to the number of customers, apart from the United States military, FNH has
2 approximately 20,000 non-governmental customers. FNH and Cybergun are unable to pinpoint the
3 total amount of money spent advertising of the M249, M249 PARA, and P90 guns, either because
4 the records are old or because they do not keep them. However, paid advertising has been done on
5 the internet and in print ads. Due to the notoriety the firearms have enjoyed due to their use by the
6 United States military for which the firearms were developed, the value of the firearms and the
7 intellectual property rights associated with them has soared.

8 Cybergun and its subsidiaries enjoy a market share of approximately 30% in the United
9 States, which makes Cybergun a relatively large player given the highly competitive nature of the air
10 soft, air gun and paintball market. In addition to years of continuous use of the M249, M249 PARA,
11 and P90 trademarks, Plaintiff FNH has been granted a registration for the P90 trademark, which
12 registration dates back to 1996.

13 ***DEFENDANT JAG PRECISION'S ACTS***

14 Jag imports, distributes and sells air soft rifles, which can be used to fire BB pellets,
15 paintballs, and other non-bullet projectiles. Jag advertises, distributes and sells within the United
16 States. Recently, Jag advertised and offered for sale identical copies of the M249, M249 PARA, and
17 P90 firearm design, using the very trademarks used by Plaintiffs to sell their guns. The specific
18 products that Plaintiffs alleged infringe Cybergun's rights include the ECHO1 USA M249 MKII, the
19 ECHO1 USA M249 PARA, and the ECHO1 USA E90 ("the Infringing Products").

20 Comparing the proprietary M249, M249 PARA, and P90 design and Jag's Infringing
21 Products reveals that Jag has deliberately copied Plaintiffs' proprietary designs. Specifically, among
22 other things, Jag's M249 MKII features a design with the pistol grip having lateral grooves, the
23 contoured carrying handle extending from the top of the barrel, the groove where the stock widens,
24 the rounded portion that protrudes in the upper portion of the rear of the stock, the rear aperture sight,
25 and the overall dimensions and shape of Plaintiffs' M249 firearm design. Close inspection reveals
26 that Jag's ECHO1 USA M249 PARA and the ECHO1 USA E90 are almost identical copies of

1 Plaintiffs' proprietary designs. Plaintiffs have now moved for a preliminary injunction barring
 2 Defendant from selling or offering for sale any Infringing Products and from advertising for sale any
 3 Infringing Products or any advertising using Plaintiffs' trademarks, including using Plaintiffs' marks
 4 in metatags.

5 II. Standard for Injunctive Relief

6 A plaintiff seeking a preliminary injunction under the Copyright Act must establish: (1) that
 7 he is likely to succeed on the merits; (2) that he is likely to suffer irreparable harm in the absence of
 8 preliminary relief; (3) that the balance of equities tips in his favor; and (4) that an injunction is in the
 9 public interest. See Perfect 10, Inc. v. Google, Inc., 653 F.3d 976, 979 (9th Cir. 2011)(citing Winter
 10 v. Natural Res. Def. Council, Inc., 555 U.S. 7 (2008)).

11 A. Likelihood of Success on the Merits

12 To recover for the infringement of a trademark or trade dress under section 43(a) of the
 13 Lanham Act, a plaintiff must establish that (1) "the ... design is nonfunctional," (2) "the design is
 14 inherently distinctive or acquired distinctiveness through secondary meaning," and (3) "there is a
 15 likelihood of confusion that the consuming public will confuse [the plaintiff's and the defendant's
 16 products]." See Disc Golf Ass'n v. Champion Discs, Inc., 158 F.3d 1002, 1005 (9th Cir. 1998).

17 1. Functionality

18 Under the Lanham Act, Congress imposes a presumption of functionality, and
 19 Plaintiffs bear the burden of proving non-functionality. 15 U.S.C. § 1125(a)(3) ("In a civil action for
 20 trade dress infringement under this chapter for trade dress not registered on the principal register, the
 21 person who asserts trade dress protection has the burden of proving that the matter sought to be
 22 protected is not functional."); Secalt S.A. v. Wuxi Shenxi Const. Mach. Co., 668 F.3d 677 (9th Cir.
 23 2012). Therefore, Plaintiffs, as the "one[s] who seeks to establish trade dress protection must carry
 24 the heavy burden of showing that the feature is not functional, for instance by showing that it is
 25 merely an ornamental, incidental, or arbitrary aspect of the device." Traffix Devices, Inc. v. Mktg.
 26 Displays, Inc., 532 U.S. 23, 30 (2000). In cases of product design, the Supreme Court has counseled

1 “that design, like color, is not inherently distinctive.” Wal-Mart Stores, Inc. v. Samara Bros., 529
2 U.S. 205, 212 (2000).

3 In Secalt, the Ninth Circuit emphasized that for an overall product configuration to be
4 recognized as a trademark, the entire design must be nonfunctional. 668 F.3d at 683 (citing
5 Leatherman Tool Grp. v. Cooper Indus., 199 F.3d 1009, 1012 (9th Cir.1999)); see also Tie Tech, Inc.
6 v. Kinedyne Corp., 296 F.3d 778, 786 (9th Cir.2002) (foreclosing a finding of nonfunctionality
7 where “the whole is nothing other than the assemblage of functional parts.”) “*De facto*” functionality
8 means that the “design of a product has a function, i.e., a bottle of any design holds fluid,” whereas
9 “*de jure*” functionality means that the “product is in its particular shape because it works better in
10 this shape.” Leatherman, 199 F.3d at 1012 (internal quotations omitted). “[B]efore an overall
11 product configuration can be recognized as a trademark, the entire design must be arbitrary or non *de*
12 *jure* functional.” Id.

13 This action may be distinguished from Secalt and Leatherman, where courts found the
14 design functional, because Plaintiffs have successfully met their burden in establishing that the
15 overall product configuration serves a non-functional purpose, i.e., it identifies upon sight the firearm
16 in question as a specific weapon made by a specific manufacturer. The plaintiffs in Secalt and
17 Leatherman failed, because the product in question had:

18 . . .an appearance, as every physical object must. There is no evidence, however, that
19 anything about that appearance (other than the Leatherman name) exists for any
20 nonfunctional purpose. Rather, every physical part of the Leatherman [tool] is *de jure*
functional....[T]he evidence showed, as in Textron, that “the product is in its
particular shape because it works better in this shape.

21 Id. at 1013 (quoting Textron, Inc. v. U.S. Int'l Trade Comm'n, 753 F.2d 1019, 1025 (Fed.Cir. 1985)).

22 Just like the products in Secalt and Leatherman, the firearms at issue in this action have an exterior
23 appearance. However, though they function as firearms, they are uniquely identifiable by their
24 appearance. They perform the functions necessary, but the appearance sets them apart from each
25 other and other firearms, unlike the industrial traction hoist in Secalt and the folding tool in
26 Leatherman. There has been no evidence submitted that the firearms are *de jure* functional, i.e., that

1 they work better in their shape and configuration. Thus, they are not merely an assemblage of
2 functional parts. Applying the Disc Golf factors buttresses this conclusion.

3 To determine whether a product feature is functional, the court considers several
4 factors: (1) whether the design yields a utilitarian advantage, (2) whether alternative designs are
5 available, (3) whether advertising touts the utilitarian advantages of the design, and (4) whether the
6 particular design results from a comparatively simple or inexpensive method of manufacture. Disc
7 Golf, 158 F.3d at 1007. No one factor is dispositive; all should be weighed collectively. See Int'l
8 Jensen, Inc. v. Metrosound, U.S.A., 4 F.3d 819, 823 (9th Cir. 1993). In this action, Plaintiffs have
9 met their initial burden justifying preliminary injunctive relief, because Plaintiffs have adequately
10 demonstrated that each of the elements favor finding that the design of the firearms is nonfunctional.
11 First, the design yields no particular utilitarian advantage to the firearm. Defendant has failed to
12 identify any specific advantage in either the manufacture or use of the product based on its design.
13 Second, it is unquestioned that there are numerous alternative designs for firearms and airsoft guns.
14 Third, no specific advertising had been identified that touts the utilitarian advantages of the design.
15 Finally, Plaintiffs deny that the design results from a comparatively simple or inexpensive methods
16 of manufacture. Defendant has provided no evidence to refute this.

17 Thus, under the reasoning of Secalt and Leatherman, and applying the Disc Golf
18 factors, the Court cannot find that the overall product configuration of the three firearms is purely
19 functional. “Although various features of a product may not be protected as trade dress because
20 these features are functional, a combination of visual elements taken together may create a distinctive
21 visual impression and thus entitles an owner to trade dress protection. One does not focus on the
22 individual components but on the integration of those components into a single product.” Sunbeam
23 Prods., Inc. v. West Bend Co., 39 U.S.P.Q.2d 1545, 1549 (S. Miss. 1996)(citing Two Pesos, Inc. v.
24 Taco Cabana, 505 U.S. 763 (1992)). Thus, Plaintiffs have met their burden in demonstrating the
25 overall product configuration is nonfunctional.
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1 2. Inherently Distinctive or Acquired Secondary Meaning

2 Defendant asserts that Plaintiffs cannot show that the firearms have acquired a
 3 secondary meaning, because airsoft consumers buy the products with the intention of imitating
 4 United States Armed Forces, not because of their association with Cybergun or FN Herstal.
 5 However, a licensee's use of trade dress inures to the benefit of the trademark owner or licensor. See
 6 Barcamerica Int'l USA Trust v. Tyfield Imps., Inc., 289 F.3d 589, 595 (9th Cir. 2002)(a licensee's
 7 use of a mark inures to the licensor's benefit)(citing Moore Bus. Forms v. Ryu, 960 F.2d 486, 489
 8 (5th Cir 1992)(citing Taco Cabana Int'l, Inc. v. Two Pesos, Inc., 932 F.2d 1113, 1122 (5th Cir.
 9 1991)). Thus, the fact that the military forces use the firearms is evidence of secondary meaning,
 10 whether or not the public knows that the source is FNH. See Maljack Productions, Inc. v.
 11 GoodTimes Home Video Corp., 81 F.3d 881, 887 (9th Cir. 1996)(“a showing of secondary meaning
 12 only requires proof that the public associates the movie title with a single source, even if that source
 13 is anonymous”); Union Carbide Corp. v. Ever-Ready Inc., 531 F.2d 366, 380 (7th Cir.)(secondary
 14 meaning is established “if the public is aware that the product comes from a single, though
 15 anonymous source”); Beer Nuts, Inc. v. Clover Club Foods Co., 711 F.2d 934, 940 (10th Cir.
 16 1983)(“To establish secondary meaning, it is not necessary to show that the public is aware of the
 17 name of the manufacturer of a product; it is sufficient if the public is aware that the product comes
 18 from a single, though anonymous source”). Here, Plaintiffs have shown that the weapons in question
 19 are highly associated with the United States military, a licensed user. Furthermore, Plaintiffs have
 20 gone farther in showing that the firearms in question are featured in popular video games which
 21 clearly identify FN Herstal as the manufacturer of the weapons.

22 Additionally, in this action, Defendant has not addressed the other evidence of
 23 secondary meaning: (1) the millions in dollars of annual sales of the firearms; (2) the decades-long,
 24 continuous presence in the market; (3) the license; and (4) the presence of the firearms in television,
 25 movies, and other media. Finally, supporting an inference of secondary meaning is the undisputed
 26 fact that Defendant copied the firearms. See Swatch, S.A. v. SIU Wong Wholesale, 1992 WL

1 142745, *6 (S.D.N.Y. 1992)(“Evidence that the trade dress or product design was intentionally
 2 copied by a competitor can support an inference of secondary meaning if the circumstances indicate
 3 an intent to benefit from the goodwill of the prior user through confusion.”) Thus, Plaintiffs have met
 4 their burden in demonstrating secondary meaning.

5 3. Likelihood of Confusion

6 Plaintiffs have also met their burden in demonstrating a likelihood of confusion.
 7 First, Defendant’s assertion that differences in labeling alone are enough to avert confusion had
 8 already been rejected by this Court when it issued its initial injunction regarding the FN SCAR
 9 firearm. See also, Taco Cabana Int’l, 932 F.2d at 1122 (in trade dress case where defendant’s
 10 restaurant had a different name but similar trade dress, the issue “is not whether consumers can read
 11 signs and menus that identify different restaurants, but whether consumers assume some affiliation
 12 between [plaintiff] and [defendant]”) aff’d 505 U.S. 763 (1992); Fiji Water Co. v. Fiji Mineral Water
 13 USA, LLC, 741 F. Supp.2d 1165, 1176 (C.D. Cal. 2010). Thus, merely changing a letter in the name
 14 of the nearly identical airsoft gun, from P90 to E90, is not likely to reduce confusion.

15 Second, applying the Sleekcraft factors, the Court finds that Plaintiffs have easily
 16 established a likelihood of confusion. In order to succeed on the merits for its trade dress
 17 infringement claim, Plaintiffs must also show that the design will probably cause consumer
 18 confusion as to the source or sponsorship of the product—in other words, that consumers will think
 19 that the firearms are produced by or affiliated with Plaintiffs. Rodeo Collection, Ltd. v. West
 20 Seventh, 812 F.2d 1215 (9th Cir.1987) (“Likelihood of confusion requires that confusion be
 21 probable, not simply a possibility.”). The Ninth Circuit has identified eight factors (“the Sleekcraft
 22 factors”) to help guide the analysis to determine whether such confusion is likely: (1) the similarity
 23 of the mark(s) or trade dress, (2) the strength of the mark(s) or trade dress, (3) evidence of actual
 24 confusion, (4) the proximity or relatedness of the goods, (5) the degree to which the marketing
 25 channels used for the goods converge, (6) the type of goods and the degree of care likely to be
 26 exercised by the purchasers, (7) the defendant's intent in selecting the mark or trade dress, and (8) the

1 likelihood of expansion of the product lines. AMF Inc. v. Sleekcraft Boats, 599 F.2d 341 (9th Cir.
2 1979)(abrogated in part on other grounds as recognized in Mattel, Inc. v. Walking Mountain Prods.,
3 353 F.3d 792 (9th Cir.2003)). The test is a pliant one—some factors are more important than others,
4 and the factors need not be mechanically added up in order to find a likelihood of confusion.
5 Dreamwerks Prod. Group, Inc. v. SKG Studio, 142 F.3d 1127, 1129 (9th Cir.1998).

6 Here, a majority of the factors favor a finding of a likelihood of confusion. First, the
7 similarity of the trade dress or trademark is almost identical. Second, the strength of the dress is
8 strong as many consumers recognize the firearms by their design. The marketing channels for the
9 firearms are almost identical. Defendant’s intent in copying the firearms is admitted. Therefore, a
10 majority of the factors strongly favor the Court’s finding that a likelihood of confusion exists. The
11 Court finds that no factors favor a finding that no likelihood of confusion exists.

12 4. Summary

13 The Court finds that Plaintiffs have adequately met their burden in demonstrating that
14 a preliminary injunction should issue as to each firearm addressed in this motion. In addition to
15 finding that Plaintiffs are likely to succeed on the merits, the Court finds that Plaintiffs will be
16 irreparably harmed by Defendant’s infringement on Plaintiffs’ trade dress and trademark. See
17 Marlyn Nutraceuticals, Inc. v. Mucos Pharma GmbH & Co., 571 F.3d 873, 877 (9th Cir. 2009)
18 (“irreparable injury may be presumed from a showing of likelihood of success on the merits” in trade
19 dress and trademark actions). Furthermore, the balance of equities tips in Plaintiffs’ favor because
20 Plaintiffs will be damaged by Defendant’s infringing behavior where Defendant will only have to
21 stop marketing and selling the infringing products which are only a portion of its product offerings.
22 Finally the public interest will not be adversely affected by a preliminary injunction. The public
23 interest favors a preliminary injunction where there is a likelihood of confusion. See Fiji Water, 741
24 F. Supp.2d at 1183. Avoiding confusion to the consumers is a public interest. See Internet
25 Specialties West, Inc. v. Milon-Digiorgio Enters., 559 F.3d 985, 993 (9th Cir. 2009).

1 IV. Conclusion

2 Accordingly, IT IS HEREBY ORDERED that Plaintiffs' Motion for Preliminary Injunction
3 (#33) is **GRANTED**;

4 IT IS FURTHER ORDERED that Plaintiffs file a proposed injunction within ten (10) days of
5 the entry of this order.

6 DATED this 11th day of October 2012.

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10 Kent J. Dawson
United States District Judge
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